



S T A T E O F C A L I F O R N I A

For Immediate Release
April 27, 2005

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**Department of Managed Health Care Calls on Blue Cross to
Explain Rate Increases**
Regulator to probe possible violation of 2004 merger approval requirements

(Sacramento) -- The Department of Managed Health Care (DMHC) is calling for Blue Cross of California to explain recent premium increases for its individual California health insurance policyholders at a public meeting scheduled for May 13 in Sacramento. The meeting will examine if Blue Cross violated its promise to the DMHC that premiums would not be increased to finance its change in control from parent company, WellPoint, to Anthem Inc.

“When we approved the Blue Cross change in control last November, the DMHC made guarantees to the public that the costs of the deal would not rest on the shoulders of policyholders,” said Cindy Ehnes, director of the Department of Managed Health Care. “In holding this public meeting, we want to protect California enrollees from merger-related premium increases. By moving quickly to find answers, we will avoid unnecessary financial hardship for Californians.”

Under state law, the DMHC does not have authority to set premium rates for insurance products. However, the public meeting will probe whether Blue Cross’ premium increases are in line with medical cost inflation and are competitive with other health plans. To date, the HMO Help Center, operated by the DMHC, has received 71 complaints from consumers relating to Blue Cross’ premium increase.

The Department encourages the public and interested parties to file written comments on or before May 11, 2005, focusing on the impact of premium increases for HMO and certain PPO products on Blue Cross enrollees. Comments can be submitted to the California Department of

(more)

ARNOLD SCHWARZENEGGER
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Managed Health Care, Attention: Debra Monier, by e-mail to dmonier@dmhc.ca.gov; by fax to (916) 322-2579; or by mail to 980 9th Street, Suite 500, Sacramento, CA, 95814. The meeting notice can be found at www.dmhc.ca.gov.

The California Department of Managed Health Care is the only stand-alone HMO watchdog agency in the nation, touching the lives of more than 21 million enrollees. The Department has assisted more than 633,000 Californians through its 24-hour Help Center to resolve their HMO problems, educates consumers on health care rights and responsibilities, and works closely with HMO plans to ensure a better, more solvent and stable managed health care system.

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